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April 10, 2006

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

VIA HAND-DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

FILED
2006 APR 10 PM 4:05
COLUMBIA, SC

RE: Application of United Utility Companies, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service.

Dear Mr. Terreni:

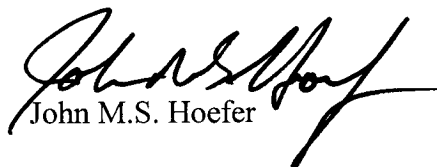
Enclosed for filing are the original and ten (10) copies of the Application of United Utility Companies, Inc., in the above-referenced matter. Also enclosed you will find the Applicant's proposed notice of filing and hearing. By copy of this letter, I am serving a copy of these documents upon the Executive Director of the Office of Regulatory Staff and enclose a Certificate of Service to that effect.

I would appreciate your acknowledging receipt of this Application and Certificate by date-stamping the extra copies that are enclosed and returning it to me via our courier.

If you have any questions or if you need any additional information, please do not hesitate to contact us.

Sincerely,

WILLOUGHBY & HOEFER, P.A.


John M.S. Hoefer

JMSH/twb
Enclosures

cc: Honorable C. Dukes Scott

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006-107 -W/S

FILED
2006 APR 10 PM 4:05
SC 104-107-107
COMM. DIV.

IN RE:

Application of United Utility Companies,
Inc. for adjustment of rates and charges
and modifications to certain terms
and conditions for the provision of
water and sewer service.

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of the Application by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Honorable C. Dukes Scott
Executive Director
Office of Regulatory Staff
Post Office Box 11263
Columbia, South Carolina 29211


Tracy W. Barnes

Columbia, South Carolina
This 10th day of April, 2006.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2006-101-W/S

RECEIVED
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION
JUL 11 2006

IN RE:

Application of United Utility Companies,
Inc. for adjustment of rates and charges
and modifications to certain terms
and conditions for the provision of
water and sewer service.

APPLICATION

United Utility Companies, Inc. ("Applicant" or "Company") would respectfully show unto, and request of, the Commission as follows:

BACKGROUND

1. Applicant is a corporation organized and existing under the laws of the State of Delaware and authorized to do business in the State of South Carolina.
2. Applicant is a public utility, as defined by S.C. Code Ann. § 58-5-10(3) (Supp. 2004), providing water and sewer service to the public for compensation in certain areas of South Carolina pursuant to rates approved by the Commission in Docket No. 2000-210-W/S, Order No. 2004-254, dated May 12, 2004.
3. All communications or inquiries regarding this Application should be directed as set forth below:

a. **Applicant's Representative:**

Mr. Steven M. Lubertozzi, CPA
Director, Regulatory Accounting
Utilities, Inc.
2335 Sanders Road
Northbrook, Illinois 60062-6196

SLI

b. **Legal Counsel:**

John M.S. Hoefer, Esquire
Benjamin P. Mustian, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, South Carolina 29202-8416
(803) 252-3300

REQUEST FOR RATE RELIEF

4. Pursuant to S.C. Code Ann. §§ 58-5-240 (Supp. 2005) and 26 S.C. Code Ann. Regs. RR. 103-512.4.A and 103-712.4.A (1976, as amended), Applicant requests that the Commission approve the monthly water and sewer service charges set forth in the seven (7) page rate schedule attached hereto and incorporated herein by this reference as Exhibit "A." Also, pursuant to R. 103-703 and 26 S.C. Code Ann. Regs. R. 103-503 (1976), Applicant proposes a modification to the terms and conditions under which a tenant will be billed for water and sewer services to comport with current S.C. Code Ann. § 27-33-50 (Supp. 2005), as same may be amended in the future. Further, pursuant to 26 S.C. Code Ann. Regs. R. 103-703 (1976), Applicant proposes to add language requiring its water customers to conduct cross connection testing, and to add a charge for same if such inspections are undertaken by Applicant, to meet the requirements of 24A S.C. Code Ann. Regs. R. 61-58.7.F.8 (Supp. 2004). Additionally, Applicant proposes to delete certain provisions of the rate schedule pertaining to payments by persons making contributions in aid of construction previously necessitated by the federal Tax Reform Act of 1986, to modify the provision dealing with single family equivalents to incorporate the pertinent regulation of the South Carolina Department of Health and Environmental Control ("DHEC"), and to include language pertaining to the terms and conditions for extensions of service.

SUPPORTING DOCUMENTATION

5. Applicant proposes a test year of October 1, 2004, to September 30, 2005, and has prepared certain financial statements relating to that time period in support of the Application, which statements are attached hereto and incorporated herein by this reference as Exhibit "B," pages 1 through 11. These financial statements include the following:

- a. Balance Sheet (Schedule A)
- b. Current and pro forma income and expense statements (Schedule B)
- c. Rate base and rate of return information (Schedule C).¹

Applicant also submits, as Exhibit "B" pages 12 through 14, the following information in support of the Application:

- d. Water and sewer consumption analyses (Schedule D)
- e. Water and sewer proposed revenues (Schedule E)
- f. Schedule of current and projected customers (Schedule F)

6. Attached hereto and incorporated herein by this reference as Exhibit "C" is the most recent approval letter from the DHEC.

7. Attached hereto and incorporated herein by this reference as Exhibit "D" is the Company's current customer bill form.

8. There is on file with this Commission a performance bond given to satisfy the requirements of S.C. Code Ann. § 58-5-720 (Supp. 2005).

9. A map depicting Applicant's current service area is on file with the Commission.

¹ These calculations are for informational purposes only as Applicant will submit evidence with respect to proper returns on equity and rate base at hearing.

10. The financial statements, the other documents submitted herewith, and the references to documents on file with the Commission are offered to comply with Commission Rules R. 103-512.4 and R. 103-712.4 and to provide information useful to the Commission in considering the reasonableness of the proposed rate schedule.²

NEED AND JUSTIFICATION FOR RATE RELIEF

11. Applicant submits that the proposed rate increase is necessary in order that it may provide reasonable and adequate service to its customers, cover its expenses, be permitted an opportunity to earn a reasonable return on its investment, and attract capital for future improvements. Said rates are also necessary in order that the Applicant may comply with the standards and regulations set by DHEC or other environmental regulatory authorities. Said rates will preserve the financial integrity of Applicant, promote continued investment in and maintenance of its facilities, and thereby permit Applicant to continue providing reliable and high quality water and sewer services.

REQUEST FOR RATE BASE TREATMENT

12. Applicant further submits that given its substantial plant investment, and specifically the rate base reflected on Schedule C of Exhibit "B," Applicant is entitled to have the reasonableness of its proposed rates determined in accordance with the rate of return on rate base methodology. Accordingly, Applicant requests rate base treatment in this proceeding.

² Because Applicant utilizes a composite depreciation rate of 1 ½%, no depreciation schedule by categories of plant or average service lives exists. The Applicant will, of course, make available during the audit copies of the Company's depreciation workpapers.

WHEREFORE, having fully set forth its Application, United Utility Companies, Inc. prays that the Commission approve the rates proposed and grant to Applicant such other and further relief as the Commission may deem just and proper.



John M. S. Hoefer

Benjamin P. Mustian

Willoughby & Hoefer, P.A.

Post Office Box 8416

Columbia, South Carolina 29202-8416

803-252-3300

Attorneys for United Utility Companies, Inc.

This 10th day of April, 2006.
Columbia, South Carolina

Exhibit "A"

UNITED UTILITY COMPANIES, INC.

SCHEDULE OF PROPOSED RATES AND CHARGES

WATER

1. Monthly Charges

Residential –

Monthly charge per single-family house, condominium, mobile home or apartment unit:

\$23.08 per unit

Commodity Charge:

\$5.97 per 1,000
Gallons or 134 cft

Commercial

Monthly Charge

\$23.08 per SFE*

Commodity Charge:

\$5.97 per 1,000
Gallons or 134 cft

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-Recurring Charges

A) Water service connection charge per single-family equivalent* \$100.00

- B) Plant Impact fee per single-family equivalent* \$400.00

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the water system is requested.

3. Account Set-Up and Reconnection Charges

- a. Customer Account Charge – for new customers only. \$25.00
- b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

6. Cross Connection Inspection Fee

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2 (Supp. 2004), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61—58.7.F.8 (Supp. 2004), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill.

7. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

8. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities – 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2005), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

SCHEDULE OF **PROPOSED** RATES AND CHARGES

SEWER

1. Monthly Charges

Residential –

Monthly charge per single-family
house, condominium, villa
or apartment unit:

\$65.72 per unit

Mobile Homes – monthly charge:

\$48.47 per unit

Commercial - monthly charge per
single-family equivalent*:

\$65.72

Charge for Sewage Collection Service Only (All Areas Other Than Gem Lakes)

When sewage is collected by the Utility and transferred to a government body or agency,
or other entity for treatment, the Utility's rates are as follows:

Residential - monthly charge per
single-family house, condominium,
mobile home, or apartment unit

\$ 33.60 per unit

Commercial - monthly charge per
single-family equivalent*

\$ 33.60

Charge for Sewage Collection Service Only (Gem Lakes Subdivision)

Per Order No. 2004-465, Docket Nos. 2003-250-S and 2004-95-S

Residential - monthly charge per
single-family house, condominium,
mobile home, or apartment unit

\$24.66

The Utility will also charge for treatment services provided by the government body or agency or other entity. The rates imposed or charged by the government body or agency or other entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection /impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rate basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Non-recurring Charges

- | | | |
|----|---|----------|
| A) | Sewer service connection charge per
single-family equivalent*: | \$100.00 |
| B) | Plant Impact fee per single-family
Equivalent*: | \$400.00 |

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

- a. Notification Fee
A fee of four dollars (\$4.00) shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.
- b. Customer Account Charge: A fee of twenty-five dollars (\$25.00) shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer also takes water service.
- c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnection service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. The amount of the reconnection fee shall be in accordance with R.103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.

5. Late Payment Charges

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2 %) for each month, or any part of a month, that said payment is late.

6. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the utility for all damages and costs, including reasonable attorney's fees, incurred by the utility as a result thereof.

7. Construction Standards

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed.

8. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been

reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities – 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2005), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

ASSETS		LIABILITIES AND OTHER CREDITS	
Plant In Service		Capital Stock and Retained Earnings	
Water	\$	Common Stock and Paid In Capital	\$ 670,435
Sewer		Retained Earnings	(1,050,772)
Total	\$ 5,314,180	Total	\$ (380,336)
Accumulated Depreciation-Water	\$ (51,379)	Current and Accrued Liabilities	
Accumulated Depreciation-Sewer	(531,037)	Accounts Payable-Trade	\$ 13,104
Total	\$ (582,416)	Taxes Accrued	41,740
		Customer Deposits	34,743
Net Utility Plant	\$ 4,731,764	Customer Deposits - Interest	29,141
		A/P - Assoc. Companies	2,366,691
Plant Acquisition Adjustment-Water	\$ 0	Total	\$ 2,485,419
Plant Acquisition Adjustment-Sewer	0	Advances In Aid of Construction	
Total	\$ 0	Water	\$ 0
		Sewer	0
Construction Work In Process-Water	\$ 0	Total	\$ 0
Construction Work In Process-Sewer	167,122	Contributions In Aid of Construction	
Total	\$ 167,122	Water	\$ 206,977
		Sewer	2,392,722
Current Assets		Total	\$ 2,599,699
Cash	\$ 5	Accumulated Deferred Income Tax	
Accounts Receivable - Net	151,066	Unamortized ITC	\$ 0
Other Current Assets	0	Deferred Tax - Federal	383,591
Total	\$ 151,071	Deferred Tax - State	(1,638)
Deferred Charges	\$ 36,778	Total	\$ 381,953
TOTAL ASSETS	\$ 5,086,735	TOTAL LIABILITIES AND OTHER CREDITS	\$ 5,086,735

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues						
Service Revenues - Water	\$ 43,011	\$ 412 [a]		\$ 43,423	\$ 23,079	\$ 66,502
Service Revenues - Sewer	728,478	9,305 [a]		737,783	271,628	1,009,411
Service Revenues - Adjustment GEM Lakes	146,265	(59,023) [a]		87,242		87,242
Miscellaneous Revenues	29,482	-		29,482	-	29,482
Uncollectible Accounts	(44,295)	-		(44,295) [l]	(21,637)	(65,932)
Total Operating Revenues	\$ 902,941	\$ (49,306)		\$ 853,635	\$ 273,070	\$ 1,126,704
Maintenance Expenses						
Salaries and Wages	\$ 164,508	\$ 16,387 [b]		\$ 180,895	\$ -	\$ 180,895
Purchased Power	90,360	-		90,360	-	90,360
Purchased Sewer & Water	7,601	-		7,601	-	7,601
Maintenance and Repair	207,550	-		207,550	-	207,550
Maintenance Testing	35,200	-		35,200	-	35,200
Meter Reading	-	-		-	-	-
Chemicals	27,199	-		27,199	-	27,199
Transportation	22,599	-		22,599	-	22,599
Operating Exp. Charged to Plant	(59,723)	(7,210) [c]		(66,932)	-	(66,932)
Outside Services - Other	8,776	-		8,776	-	8,776
Total	\$ 504,072	\$ 9,177		\$ 513,249	\$ -	\$ 513,249
General Expenses						
Salaries and Wages	\$ 37,400	\$ 3,311 [b]		\$ 40,711	\$ -	\$ 40,711
Office Supplies & Other Office Exp.	36,079	-		36,079	-	36,079
Regulatory Commission Exp.	35,000	22,155 [d]		57,155	-	57,155
Pension & Other Benefits	32,339	1,050 [b]		33,389	-	33,389
Rent	-	-		-	-	-
Insurance	34,511	-		34,511	-	34,511
Office Utilities	8,730	-		8,730	-	8,730
Miscellaneous	10,601	-		10,601	-	10,601
Total	\$ 194,661	\$ 26,516		\$ 221,176	\$ -	\$ 221,176
Depreciation	\$ 103,145	\$ 4,897 [e]		\$ 108,042	\$ -	\$ 108,042
Taxes Other Than Income	122,566	(40,290) [f]		82,276	3,310 [f]	85,587
Income Taxes - Federal	10,605	(46,495) [g]		(35,890)	89,695 [g]	53,805
Income Taxes - State	1,281	(6,678) [g]		(5,397)	13,488 [g]	8,091
Amort. Investment Tax Credit	-	-		-	-	-
Amortization of PAA	-	- [e]		-	-	-
Amortization of CIAC	(44,313)	1,230 [e]		(43,082)	-	(43,082)
Total	\$ 193,285	\$ (87,335)		\$ 105,949	\$ 106,493	\$ 212,443
Total Operating Expenses	\$ 892,017	\$ (51,642)		\$ 840,374	\$ 106,493	\$ 946,868
Net Operating Income	\$ 10,924	\$ 2,336		\$ 13,260	\$ 166,576	\$ 179,837
Interest During Construction	\$ (1,064)	\$ 1,064 [h]		\$ -	\$ -	\$ -
Interest on Debt	137,880	(57,968) [i]		79,913	-	79,913
Net Income	\$ (125,892)	\$ 59,240		\$ (66,652)	\$ 166,576	\$ 99,924

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues						
Service Revenues - Water	\$ 43,011	\$ 412 [a]		\$ 43,423	\$ 23,079	\$ 66,502
Service Revenues - Sewer	-	- [a]		-		-
Miscellaneous Revenues	1,114	-		1,114		1,114
Uncollectible Accounts	(2,033)	-		(2,033) [l]	(1,081)	(3,114)
Total Operating Revenues	\$ 42,092	\$ 412		\$ 42,504	\$ 21,998	\$ 64,503
Maintenance Expenses						
Salaries and Wages	\$ 10,380	\$ 1,037 [b]		\$ 11,417	\$ -	\$ 11,417
Purchased Power	3,508	-		3,508	-	3,508
Purchased Water	-	-		-	-	-
Maintenance and Repair	6,727	-		6,727	-	6,727
Maintenance Testing	2,024	-		2,024	-	2,024
Meter Reading	-	-		-	-	-
Chemicals	1,716	-		1,716	-	1,716
Transportation	1,426	-		1,426	-	1,426
Operating Exp. Charged to Plant	(3,768)	(455) [c]		(4,223)	-	(4,223)
Outside Services - Other	554	-		554	-	554
Total	\$ 22,568	\$ 582		\$ 23,150	\$ -	\$ 23,150
General Expenses						
Salaries and Wages	\$ 2,360	\$ 210 [b]		\$ 2,570	\$ -	\$ 2,570
Office Supplies & Other Office Exp.	2,277	-		2,277	-	2,277
Regulatory Commission Exp.	2,209	1,398 [d]		3,606	-	3,606
Pension & Other Benefits	2,041	67 [b]		2,107	-	2,107
Rent	-	-		-	-	-
Insurance	2,178	-		2,178	-	2,178
Office Utilities	551	-		551	-	551
Miscellaneous	669	-		669	-	669
Total	\$ 12,283	\$ 1,674		\$ 13,957	\$ -	\$ 13,957
Depreciation	\$ 8,165	\$ (151) [e]		\$ 8,014		\$ 8,014
Taxes Other Than Income	7,573	(2,543) [f]		5,030	259 [f]	5,290
Income Taxes - Federal	487	(3,770) [g]		(3,284)	7,228 [g]	3,945
Income Taxes - State	59	(553) [g]		(494)	1,087 [g]	593
Amort. Investment Tax Credit	-	-		-	-	-
Amortization of PAA	-	- [e]		-	-	-
Amortization of CIAC	(3,682)	54 [e]		(3,627)	-	(3,627)
Total	\$ 12,602	\$ (6,962)		\$ 5,639	\$ 8,575	\$ 14,214
Total Operating Expenses	\$ 47,452	\$ (4,706)		\$ 42,746	\$ 8,575	\$ 51,321
Net Operating Income	\$ (5,360)	\$ 5,118		\$ (242)	\$ 13,424	\$ 13,182
Interest During Construction	\$ (84)	\$ 84 [h]		\$ -	\$ -	\$ -
Interest on Debt	10,917	(5,061) [i]		5,856	-	5,856
Net Income	\$ (16,193)	\$ 10,095		\$ (6,098)	\$ 13,424	\$ 7,326

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues						
Service Revenues - Water	\$ -	\$ - [a]		\$ -	\$ -	\$ -
Service Revenues - Sewer	728,478	9,305 [a]		737,783	271,628	1,009,411
Service Revenues - Adjustment GEM Lakes	146,265	(59,023) [a]		87,242		87,242
Miscellaneous Revenues	28,368	-		28,368	-	28,368
Uncollectible Accounts	(42,262)	-		(42,262) [l]	(20,557)	(62,819)
Total Operating Revenues	\$ 860,849	\$ (49,718)		\$ 811,131	\$ 251,071	\$ 1,062,202
Maintenance Expenses						
Salaries and Wages	\$ 154,127	\$ 15,350 [b]		\$ 169,477	\$ -	\$ 169,477
Purchased Power	86,852	-		86,852	-	86,852
Purchased Sewer	7,601	-		7,601	-	7,601
Maintenance and Repair	200,823	-		200,823	-	200,823
Maintenance Testing	33,176	-		33,176	-	33,176
Meter Reading	-	-		-	-	-
Chemicals	25,483	-		25,483	-	25,483
Transportation	21,173	-		21,173	-	21,173
Operating Exp. Charged to Plant	(55,954)	(6,755) [c]		(62,709)	-	(62,709)
Outside Services - Other	8,223	-		8,223	-	8,223
Total	\$ 481,504	\$ 8,595		\$ 490,099	\$ -	\$ 490,099
General Expenses						
Salaries and Wages	\$ 35,040	\$ 3,101 [b]		\$ 38,141	\$ -	\$ 38,141
Office Supplies & Other Office Exp.	33,802	-		33,802	-	33,802
Regulatory Commission Exp.	32,792	20,757 [d]		53,549	-	53,549
Pension & Other Benefits	30,298	983 [b]		31,282	-	31,282
Rent	-	-		-	-	-
Insurance	32,334	-		32,334	-	32,334
Office Utilities	8,179	-		8,179	-	8,179
Miscellaneous	9,932	-		9,932	-	9,932
Total	\$ 182,377	\$ 24,841		\$ 207,219	\$ -	\$ 207,219
Depreciation	\$ 94,980	\$ 5,048 [e]		\$ 100,028		\$ 100,028
Taxes Other Than Income	114,993	(37,747) [f]		77,246	3,051 [f]	80,297
Income Taxes - Federal	10,119	(42,725) [g]		(32,606)	82,467 [g]	49,861
Income Taxes - State	1,222	(6,125) [g]		(4,903)	12,401 [g]	7,498
Amort. Investment Tax Credit	-	-		-	-	-
Amortization of PAA	-	- [e]		-	-	-
Amortization of CIAC	(40,631)	1,176 [e]		(39,455)	-	(39,455)
Total	\$ 180,683	\$ (80,373)		\$ 100,310	\$ 97,919	\$ 198,229
Total Operating Expenses	\$ 844,564	\$ (46,936)		\$ 797,628	\$ 97,919	\$ 895,547
Net Operating Income	\$ 16,285	\$ (2,782)		\$ 13,503	\$ 153,152	\$ 166,655
Interest During Construction	\$ (980)	\$ 980 [h]		\$ -	\$ -	\$ -
Interest on Debt	126,963	(52,907) [i]		74,057	-	74,057
Net Income	\$ (109,699)	\$ 49,145		\$ (60,554)	\$ 153,152	\$ 92,598

- [a] Water and sewer revenues are adjusted to tie to test year consumption data at test year rates. These were the rates established in Docket No. 2000-210-WS. \$59,023 was removed from the trial balance because this amount represents sewer revenues from GEM Lake Estates, a subsidiary acquired by UUC, which are not part of the test year period 10/1/04-9/30/05.
- [b] Salaries, wages and benefits are adjusted for annualization as of 9/30/05, and then adjusted for anticipated increases of 4%.
- [c] Operating expense charged to plant has been adjusted to reflect an increase in operator salaries.
- [d] Regulatory expense has been adjusted for the total estimated cost of this case, amortized over three years.
- [e] Depreciation and amortization expense are annualized to reflect actual and estimated pro forma plant additions, actual and estimated capitalized time additions, and actual and estimated general ledger plant additions at the Company's depreciation rates. These actual and estimated pro forma additions account for pro forma additions through the estimated audit date.
- [f] Taxes other than income are adjusted for annualized payroll taxes, utility commission taxes, and gross receipts taxes.
- [g] Income taxes are computed on taxable income at current rates.
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on debt has been computed using a 59.1%/40.9% debt / equity ratio and a 6.42% cost of debt.
- [l] Uncollectible accounts have been adjusted to account for bad debt expense at proposed revenues.

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	10,924	2,336	\$ 13,260	\$ 166,576	\$ 179,837
Gross Plant In Service	5,314,180	-	5,314,180	-	\$ 5,314,180
Accumulated Depreciation	(582,416)	15,753 [b]	(566,663)	-	(566,663)
Net Plant In Service	4,731,764	15,753	4,747,518	-	4,747,518
Cash Working Capital	87,341	4,462 [c]	91,803	-	91,803
Contributions In Aid of Construction	(2,599,699)	-	(2,599,699)	-	(2,599,699)
Accumulated Deferred Income Taxes	(381,953)	-	(381,953)	-	(381,953)
Customer Deposits	(34,743)	-	(34,743)	-	(34,743)
Plant Acquisition Adjustment	-	-	-	-	-
Water Service Corporation	12,552	-	12,552	-	12,552
General Ledger Additions	-	91,088 [d]	91,088	-	91,088
Capitalized Time Additions	-	120,090 [d]	120,090	-	120,090
Excess Book Value	-	-	-	-	-
Pro Forma Plant	-	79,849 [e]	79,849	-	79,849
Pro Forma Plant Retirements	-	(20,006) [e]	(20,006)	-	(20,006)
Total Rate Base	1,815,262	291,236	\$ 2,106,498	\$ -	\$ 2,106,498
Return on Rate Base	0.60%		0.63%		8.54% [f]

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	(5,360)	5,118	\$ (242)	\$ 13,424	\$ 13,182
Gross Plant In Service	426,655		426,655	-	426,655
Accumulated Depreciation	(51,379)	(160) [b]	(51,539)	-	(51,539)
Net Plant In Service	375,276	(160)	375,116	-	375,116
Cash Working Capital	4,356	282 [c]	4,638	-	4,638
Contributions In Aid of Construction	(206,977)	-	(206,977)	-	(206,977)
Accumulated Deferred Income Taxes	(23,787)	-	(23,787)	-	(23,787)
Customer Deposits	(2,192)	-	(2,192)	-	(2,192)
Plant Acquisition Adjustment	-	-	-	-	-
Water Service Corporation	792	-	792	-	792
General Ledger Additions	-	3,012 [d]	3,012	-	3,012
Capitalized Time Additions	-	7,681 [d]	7,681	-	7,681
Excess Book Value	-	-	-	-	-
Pro Forma Plant	-	- [e]	-	-	-
Pro Forma Plant Retirements	-	(3,919) [e]	(3,919)	-	(3,919)
Total Rate Base	147,467	6,896	\$ 154,363	\$ -	\$ 154,363
Return on Rate Base	-3.63%		-0.16%		8.54% [f]

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	16,285	(2,782)	\$ 13,503	\$ 153,152	\$ 166,655
Gross Plant In Service	4,887,525		4,887,525	-	4,887,525
Accumulated Depreciation	(531,037)	15,914 [b]	(515,124)	-	(515,124)
Net Plant In Service	4,356,488	15,914	4,372,402	-	4,372,402
Cash Working Capital	82,985	4,180 [c]	87,165	-	87,165
Contributions In Aid of Construction	(2,392,722)	-	(2,392,722)	-	(2,392,722)
Accumulated Deferred Income Taxes	(358,166)	-	(358,166)	-	(358,166)
Customer Deposits	(32,551)	-	(32,551)	-	(32,551)
Plant Acquisition Adjustment	-	-	-	-	-
Water Service Corporation	11,760	-	11,760	-	11,760
General Ledger Additions	-	88,076 [d]	88,076	-	88,076
Capitalized Time Additions	-	112,409 [d]	112,409	-	112,409
Excess Book Value	-	-	-	-	-
Pro Forma Plant	-	79,849 [e]	79,849	-	79,849
Pro Forma Plant Retirements	-	(16,088) [e]	(16,088)	-	(16,088)
Total Rate Base	1,667,795	284,340	\$ 1,952,135	\$ -	\$ 1,952,135
Return on Rate Base	0.98%		0.69%		8.54% [f]

United Utility Companies, Inc.
Combined Operations
Rate Base and Rate of Return
Test Year Ended September 30, 2005

Plant by Categories- Water:

Schedule C
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3011001	ORGANIZATION	6,000
3021002	FRANCHISES	17,743
3033020	LAND & LAND RIGHTS (PUMP PLT)	-
3036010	LAND & LAND RIGHTS	2,150
3042011	STRUCTURES & IMPROVE.(SOURCE SI	-
3043021	STRUCTURES & IMPROVE.(PUMP.PLT	34,644
3044031	STRUCTURES & IMPROVE.(WTR. T.P.)	5,568
3072014	WELLS & SPRINGS	40,418
3113025	ELECTRIC PUMPING EQUIPMENT	29,319
3204032	WATER TREATMENT EQUIPMENT	60,774
3305042	DISTRIB. RESERVOIRS & STANDPIPES	46,992
3315043	TRANSMISSION & DISTRIB. MAINS	142,672
3335045	SERVICE LINES	16,172
3345046	METERS	8,449
3345047	METER INSTALLATIONS	3,876
3355048	HYDRANTS	-
3391088	UNIFORMS	43
3406010	MAINFRAME COMPUTER	71
3406090	OFFICE STRUCTURES & IMPROVEME	965
3406091	OFFICE FURNITURE & EQUIPMENT	1,209
3446095	LABORATORY EQUIPMENT	1,524
3466094	TOOLS, SHOP & MISC. EQUIPMENT	1,876
3466097	COMMUNICATION EQUIPMENT	86
3917000	TRANSPORTATION	6,106
	SUB-TOTAL	<u>\$ 426,655</u>

United Utility Companies, Inc.
Combined Operations
Rate Base and Rate of Return
Test Year Ended September 30, 2005

Plant by Categories- Sewer:

3511001	ORGANIZATION	12,783
3537002	LAND & LAND RIGHTS	18,940
3542011	LIFT STATION	433,219
3547003	BUILDINGS & STRUCTURES	32,816
3547012	SPRAY IRRIGATION FACILITIES	308,848
3602006	SEWAGE SERVICE LINES	324,459
3602007	FORCE OR VACUUM MAINS	1,734
3612008	SEWER MAINS	1,523,046
3612010	MANHOLES	263,542
3804004	SEWER LAGOONS	61,424
3804005	SEWAGE TREATMENT PLANT	1,730,337
3824009	OUTFALL LINES	-
3907091	OFFICE FURNITURE & EQUIPMENT	-
3937094	TOOLS, SHOP & MISC. EQUIPMENT	287
3967097	COMMUNICATION EQUIPMENT	-
3917000	TRANSPORTATION	90,656
3406010	MAINFRAME COMPUTER	1,051
3406090	OFFICE STRUCTURE & IMPROVEMENT	14,330
3406091	OFFICE FURNITURE & EQUIPMENT	17,949
3446095	LABORATORY EQUIPMENT	22,617
3466094	TOOLS, SHOP & MISC. EQUIPMENT	27,568
3466097	COMMUNICATION EQUIPMENT	1,283
3391088	UNIFORMS	635
Total Plant		<u>\$ 4,887,525</u>

Schedule C
Page 5 of 6

- [b] Accumulated depreciation is adjusted to reflect the increase in gross plant in service, actual and estimated capitalized time, actual and estimated general ledger additions, actual and estimated pro forma plant, and pro forma plant retirements.
- [c] Cash working capital is calculated based on 1/8 of maintenance and general expenses.
- [d] A pro forma adjustment is made to account for actual and estimated capitalized time and actual and estimated general ledger additions to be included in this case. These additions are estimated through ORS' estimated audit date.
- [e] Pro forma plant and pro forma plant retirements are adjusted for planned additional capital investments through the estimated audit date.
- [f] The return on rate base shown above is provided solely as a matter of information and convenience for the Commission and is not intended to reflect a request for this specific return on rate base (or any return on equity). Applicant will make its request for a return on rate base (and return on equity) by way of evidence to be introduced at hearing.

WATER

Bill code	Description	Gallorage	Usage Charge	Units	BFC	Revenues
70001	5/8" Residential	1,705,100	\$ 4.50	289	\$ 11.50	\$ 10,996
70001	5/8" Residential	1,404,278	4.50	244	11.50	9,125
70002	5/8" Residential	41,090	4.50	5	11.50	242
70001	5/8" Residential	3,492,710	4.50	590	11.50	22,502
70002	5/8" Residential	98,400	4.50	10	11.50	558
Total		6,741,578		1,138		\$ 43,423

per t/b	\$	43,011
difference \$	\$	412
difference %		0.96%

SEWER

Bill code	Description	Gallorage	Usage Charge	Units	Rate	Revenues
70021	5/8" Residential	-	\$ -	600	\$ 48.24	\$ 28,936
70028	3/4" Residential	-	-	24	48.24	1,158
70021	5/8" Residential	-	-	1,103	48.24	53,212
70021	5/8" Residential	-	-	1,682	48.24	81,127
70022	5/8" Residential - Mobile Home	-	-	1,687	35.58	60,012
70021	5/8" Residential	-	-	1,068	48.24	51,510
70021	5/8" Residential	-	-	1,493	48.24	72,043
70022	5/8" Residential - Mobile Home	-	-	293	35.58	10,420
70021	5/8" Residential	-	-	3,302	48.24	159,291
70021	5/8" Residential	-	-	1,100	48.24	53,064
70021	5/8" Residential	-	-	144	48.24	6,947
70024	Sewage Collection Charge	-	-	923	24.66	22,771
47021	5/8" Residential - GEM Lakes	-	-	3,712	23.50	87,242
70024	Sewage Collection Charge	-	-	2,430	24.66	59,913
72321	Sewage Collection Charge	-	-	3,138	24.66	77,379
Total		-		22,699		\$ 825,025

** Note: This per t/b total sewer revenue number represents:

- Total sewer revenue per tb, excluding GEM Lake Estates sewer revenue	\$ 728,478
- Total sewer revenue for GEM Lake Estates since acquisition	\$ 146,265
- Total sewer revenue for GEM Lake Estates which is not part of the test year	\$ (59,023)
- Total adjusted sewer revenue per t/b	<u>\$ 815,720</u>

** per t/b	\$	815,720
difference \$	\$	9,305
difference %		1.14%

WATER

Bill code	Description	Gallorage	Usage Charge	Units	BFC	Revenues
70001	5/8" Residential	1,705,100	\$ 5.97	289	\$ 23.08	\$ 16,847
70001	5/8" Residential	1,404,278	5.97	244	23.08	14,013
70002	5/8" Residential	41,090	5.97	5	23.08	361
70001	5/8" Residential	3,492,710	5.97	590	23.08	34,463
70002	5/8" Residential	98,400	5.97	10	23.08	818
Total		6,741,578		1,138		\$ 66,502

SEWER

Bill code	Description	Gallorage	Usage Charge	Units	Rate	Revenues
70021	5/8" Residential	-	\$ -	600	\$ 65.72	\$ 39,420
70028	3/4" Residential	-	-	24	65.72	1,577
70021	5/8" Residential	-	-	1,103	65.72	72,492
70021	5/8" Residential	-	-	1,682	65.72	110,522
70022	5/8" Residential - Mobile Home	-	-	1,687	48.47	81,757
70021	5/8" Residential	-	-	1,068	65.72	70,173
70021	5/8" Residential	-	-	1,493	65.72	98,146
70022	5/8" Residential - Mobile Home	-	-	293	48.47	14,196
70021	5/8" Residential	-	-	3,302	65.72	217,008
70021	5/8" Residential	-	-	1,100	65.72	72,290
70021	5/8" Residential	-	-	144	65.72	9,464
70024	Sewage Collection Charge	-	-	923	33.60	31,021
47021	5/8" Residential - GEM Lakes	-	-	3,712	24.66	91,549
70024	Sewage Collection Charge	-	-	2,430	33.60	81,622
72321	Sewage Collection Charge	-	-	3,138	33.60	105,416
Total		-		22,699		\$ 1,096,653

United Utility Companies, Inc.
Test Year Ended September 30, 2005
Customer Growth

Schedule F

Water

Actual Customers at 9/30/04	95
Actual Customers at 9/30/05	96
Projected Customers at 9/30/06	97

Sewer

Actual Customers at 9/30/04	1408
Actual Customers at 9/30/05	1425
Projected Customers at 9/30/06	1442

BOARD:
Eli. Beth M. Hagood
Chairman
Edwin H. Cooper, III
Vice Chairman
L. Michael Blackmon
Secretary



C. Earl Hunter, Commissioner
Promoting and protecting the health of the public and the environment.

BOARD:
Carl L. Brazell
Steven G. Kisner
Paul C. Aughtry, III
Coleman F. Buckhouse, MD

March 27, 2006

Mr. John M.S. Hoefer
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202-8416

RECEIVED

MAR 29 2006

Willoughby & Hoefer, P.A.


RE: Your e-mail of March 23, 2006 (copy enclosed)
List of Water and Wastewater Facilities
Carolina Water Service, United Utility Companies, Tega Cay Water Service

Dear Mr. Hoefer:

This letter affirms that these companies have valid DHEC permits to operate these systems. The only exception is that we show only NPDES permit SC0024716 (not SC0024715) for Chambert Forest.

I can be reached at 803-898-4157 or at debessjp@dhec.sc.gov.

Sincerely,


Jeffrey P. deBessonnet, P.E., Director
Water Facilities Permitting Division

cc: Shawn Clarke

Exhibit C
Page 1 of 2

Sub #	System Name	Drinking Water System #	NPDES #
470	Gem Lakes		ND0066893
705	Kingswood	2350011	
712	Woodmont Estates	2350013	
714	Trollingwood	2350010	
714	Trollingwood		SC0026611
715	Briarcreek I		SC0023736
715	Briarcreek II		SC0026409
716	Canterbury		SC0028941
717	Chambert Forest I		SC0024715
717	Chambert Forest II		SC0024716
718	Fairwood		SC0035041
720	River Forest		collection only
721	Stonecreek		collection only
722	Valleybrook		SC0028673
723	The Village		collection only
724	N. Greenville College		SC0026565
725	Highland Forest		SC0034444

Utilities, Inc and Affiliated Companies

UNITED UTILITY COMPANIES INC
PO BOX 4539
WEST COLUMBIA SC 29171-4539



Acct # [REDACTED]
Due Date 04/08/06 Amount Paid
Please Pay \$82.11 \$

UNITED UTILITY COMPANIES INC
PO BOX 4539
WEST COLUMBIA SC 29171-4539

Service Address Telephone #

To insure proper credit, return this portion. Please do not staple, clip, or tape.

Customer Service Information Please Retain for Your Records
Remittance Address: UNITED UTILITY COMPANIES INC
PO BOX 4539
WEST COLUMBIA SC 29171-4539
For Service or Billing Inquiries Call:
803-796-9545 OR 800-367-4314
To Pay By Credit or Debit Card, Call 1-877-527-7852.
A Convenience Fee Will Be Charged.

Account Information

Description of Charges

Account #	[REDACTED]	PRIOR BALANCE	\$0.00
Service Addr.	[REDACTED]	WATER	\$33.87
Bill Date	03/14/06	Due Date	04/08/06
		WASTEWATER TREATMENT	\$48.24
Prior Read	01/25/06		666400
Current Read	02/23/06		671370
Usage			4970
# of days this period			29
Average daily usage			171
Average daily water cost			\$1.17
Average daily sewer cost			\$1.66
Last Payment	03/06/06		\$88.81

1 1/2% PER MONTH WILL BE ADDED TO
ALL AMOUNTS NOT PAID BY THE DUE DATE.

PLEASE PAY \$82.11

*****IMPORTANT CUSTOMER SERVICE INFORMATION*****
PLEASE PROVIDE YOUR SERVICE ADDRESS PHONE NUMBER ON THE NET REMITTANCE FORM
SO WE MAY CONTACT YOU IN THE EVENT OF A SERVICE RELATED EMERGENCY.

IN THE EVENT OF A SEWER BLOCKAGE, PLEASE CALL OUR OFFICE BEFORE YOU CALL A
PLUMBER. OUR EXPERIENCED OPERATIONS STAFF IS ON CALL AT 803-796-9545 OR
1-800-367-4314 7 DAYS A WEEK/24 HOURS A DAY TO RESPOND TO YOUR CONCERNS.

TO HELP US MAINTAIN SECURITY SURROUNDING YOUR DRINKING WATER SYSTEMS,
PLEASE CALL OUR OFFICE AND THE POLICE IF YOU NOTICE SUSPICIOUS ACTIVITY.

PAYMENT OPTIONS

**** AVOID PAYING FEES TO ONLINE BILL PAYMENT CENTERS ****
WE CAN AUTOMATICALLY DRAFT YOUR PAYMENT FROM YOUR SAVINGS OR CHECKING
ACCOUNT FREE OF CHARGE. CALL OUR CUSTOMER SERVICE DEPARTMENT FOR DETAILS.
TO PAY BY VISA, MASTERCARD OR DEBIT CARD, CALL 1-877-527-7852. IN ADDITION,
YOU MAY PAY OVER THE INTERNET BY ACCESSING PAYBYINTERNET.COM. YOU MUST
INDICATE THAT YOU ARE MAKING PAYMENT TO UTILITIES, INC. OVER THE INTERNET.
A CONVENIENCE FEE WILL BE CHARGED FOR CREDIT CARD AND INTERNET PAYMENTS.

Rate Schedule Available Upon Request